

EXEMPTIONS AND LEASED PROPERTY

The chart below attempts to succinctly characterize the taxability of leased property under varying ownerships. It is important to remember that the property of political subdivisions is exempt solely because of ownership. The property of religious, educational, or charitable entities is exempt based upon not-for-profit ownership **and** use of the property.

EXEMPTIONS AND LEASED PROPERTY	GOVERNMENT LESSOR	PRIVATE FOR-PROFIT LESSOR	PRIVATE NOT-FOR- PROFIT LESSOR-- CHARGES GREATER THAN NOMINAL RENT	PRIVATE NOT-FOR- PROFIT LESSOR- - CHARGES NOMINAL RENT
GOVERNMENT LESSEE	EXEMPT	TAXABLE [Except-VEHICLES LEASED TO STATE OR POLITICAL SUBDIVISION for more than 1 year are EXEMPT]	TAXABLE	MOST LIKELY EXEMPT [Because it lessens the burdens of government]
NOT-FOR-PROFIT LESSEE [uses the property for charitable, educational, or religious purposes]	EXEMPT	TAXABLE	EXEMPT [If lessor renting at cost or below]	EXEMPT
ALL OTHER LESSEES	BONUS VALUE TAXABLE [i.e., if actual rent is less than market rent, the <i>lessee's</i> interest is taxable]	TAXABLE	TAXABLE	TAXABLE